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COAL COMPANY

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September 7, 1994

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AGCW - SEATTLE

Mr. Ed Pierce  
Plant Manager  
Ash Grove Cement Company  
Seattle Plant  
3801 East Marginal Way South  
Seattle, Washington 98134

Dear Ed:

Things are running smoothly here at the mine as far as the mining and preparation of the clay and coal for your plant. I hope things are going as well on your end. A few incidental issues have come to my attention which I'd like to clarify for all the people involved in handling and accounting for the materials we're shipping.

These issues relate to the backhauling of material from your plant to our mine. A brief explanation of each follows:

Contaminated Material

In the event that coal or clay is contaminated due to errors or mishandling by Pacific Coast Coal Company; and Ash Grove requests that we take the contaminated material back; we will have it hauled back, pay for the backhaul, and credit Ash Grove for the material that is returned. Of course we'll make every effort to prevent this type of problem.

Rejected Limestone

If Ash Grove has limestone that cannot be used and if you request that we backhaul this material, we will usually be able to recycle this material at our mine. In this case, we ask that Ash Grove pay the backhaul cost. We will bear the costs associated with unloading and rehandling at the mine.

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### Coal Rejected by Pulverizers

We have recently received coal that was kicked out by the coal pulverizers. On inspecting the coal we found that it doesn't appear to be different from the coal we're producing. We've collected a composite sample of this coal which will be analyzed to verify our observations. It has been our experience with Holnam that this material can usually be fed back through the system without problems.

If you are unable to recycle or reuse this coal, we can take it back and reprocess it at the mine. In this case, it is fair to have Ash Grove pay for the backhaul. Also, if this is typical coal, we do not think that the quantity backhauled should be deducted from the tonnage we've delivered to your plant for fuel.

### Other Material

If Ash Grove has any material that needs to be removed from your plant site, and if it is material that Pacific Coast Coal Company can use or recycle at the mine, we will be glad to consider receiving it. We request that Ash Grove notify us in advance and let us know about the material you propose to send or return to us. We will consider whether or not we can reuse or recycle the material in an environmentally sound way and let you know promptly if we can accept the material or not.

When backhauling material to the mine, it is important that we know what material is coming in and that it is identified on the weighbill provided with each load. As you probably realize, we need to maintain complete and accurate records of any material we bring in to avoid problems related to environmental compliance in the future.

### Quality Control

I believe there are significant opportunities for us to better define and control the quality of the materials we're mining and shipping to Ash Grove. As we've discussed in the past, we will collect samples in the mine and from the product streams at the mine for analysis as requested by Ash Grove. Our ability to correlate data to the locations of the material and to make adjustments in mining or processing is dependent on timely feedback of results. I propose that we develop the system we started several months ago. When we collect and send samples to your lab, we request that the results of the analyses be transmitted to us as soon as they are available.

In any case if we can assist you in providing, handling or recycling a mineral product, we stand ready to do so. Our intent is to provide any service we can in addition to providing coal and clay. Working with Savage Transportation, we should be able to do a number of things that will benefit Ash Grove.

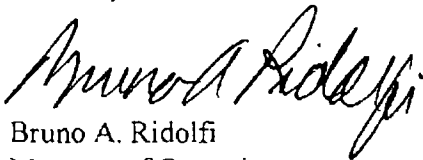
Please consider this at your convenience and let me know your thoughts. We'll do anything we can to assist you and to improve the situation we have. We're confident that

Mr. Ed Pierce

Page 3

Ash Grove, Pacific Coast Coal, and Savage will continue to address such issues in ways that are both fair and beneficial to everyone involved.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruno A. Ridolfi". The signature is fluid and cursive, with the first name "Bruno" being the most prominent part.

Bruno A. Ridolfi  
Manager of Operations

BAR;md

xc: M. Conaboy  
D. Morris

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